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Chair: Mr. Denis Zdorov (Vice-Chair) ..... (Belarus)

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In the absence of Mr. Momen (Bangladesh), Mr. Zdorov (Belarus), Vice-Chair, took the Chair.

The meeting was called to order at 10:15 a.m.

Agenda item 17: Macroeconomic policy questions (*continued*)

(a) International trade and development (A/66/15 (Parts I-IV), A/66/138, A/66/185 and A/66/323)

(d) Commodities (A/66/207)

1. **Mr. Panitchpadki** (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General on international trade and development (A/66/185), said that while the world economy teetered on the brink of a second recession it was important to bear in mind the potential that trade could have in supporting a recovery. At the same time, the global financial crisis served as a reminder that it was no longer possible to discuss the different parts of the international economic system in isolation.

2. Over the past five decades trade had grown consistently faster than gross domestic product (GDP) in almost all countries and regions. That increase had been particularly rapid for developing countries over the past decade. The shifting direction of trade, particularly along its South-South axis, had been closely linked to the increased role of production networks. Trade in intermediate goods had been dynamic and had expanded to represent nearly 50 per cent of non-fuel merchandise trade, which had encouraged the specialization of economies in different processing activities. Participation in production networks had created new trading opportunities for a number of developing countries, particularly in the Asian emerging economies where the high import content of exports had benefited other developing countries both inside and outside the region. The benefits of trade expansion had not been distributed evenly across and within countries, however; close to one third of all developing countries had experienced a contraction in exports, which demonstrated that income convergence was not an automatic consequence of a more open global economy and polarization remained a challenge.

3. The global recovery of 2010 had been boosted by a rebound in world trade. Overall world merchandise exports had recorded their largest ever annual expansion in 2010; the surge in exports was attributable to vibrant demand in developing countries and economies in transition. By the second quarter of 2011, the value of world exports had already exceeded the pre-crisis level. Since then, however, the global recovery had stalled and UNCTAD forecasted that the pace of world output growth would decelerate in 2011. Trade growth was also expected to fall. The debt crisis in Europe and the widespread adoption of restrictive fiscal policies had combined with persistently high unemployment rates to push the world to the brink of another recession. Failure to address those challenges would put further pressure on the trading system and threaten a serious backlash against globalization.

4. Harnessing the beneficial effects of global integration for sustained and inclusive growth would require deliberate policy efforts in order to minimize risks and share dividends more equitably. That required a policy agenda, at both the national and the international levels, focused on inclusive development. The thirteenth session of UNCTAD would provide an opportunity to mobilize international efforts to realize a paradigm of development-centred, as opposed to a finance-led, globalization.

5. While international trade had always been central to strong growth in most countries, the relationship between trade and development had shifted in the context of finance-driven globalization, particularly with respect to the investment-export nexus. Financial markets exerted considerable stress on developing economies, for example where excessive short-term capital inflows created unwarranted appreciation of currencies which could dampen trade prospects, and the problem was often amplified by policy incoherence across the multilateral economic system; greater consistency was an urgent priority.

6. Policy responses should be tailored to each country's specific circumstances; the imperative of global balancing underscored the need for surplus countries to strive towards more balanced growth on the basis of both domestic and external demand and for deficit countries to focus more on savings and exports. Governments should play a greater role and take an integrated approach to trade and development policies; proactive and comprehensive policies and regulations were needed which might go beyond what was traditionally regarded as trade policy. Effective institutions and strong employment practices were likewise important to ensuring that domestic

economies derived the fullest advantage from international trade.

7. Because many developing countries remained dependent on the rural economy, attention needed to be redirected towards that sector, and the links between trade and food security should be emphasized. While agriculture accounted for more than 50 per cent of employment in many developing countries, it contributed less than 10 per cent to their exports. The growing trade deficits in food products experienced by many of the least developed countries called for renewed efforts to control commodity price volatility and to reduce the agricultural subsidies that distorted trade flows. That would require large investment programmes, with sufficient international funding, tailored to local needs and conditions.

8. The setbacks experienced in the Doha Round negotiations were a clear manifestation of the difficulties faced by Governments when forced to balance the need for cooperation in a multilateral global trading system with domestic political considerations, they posed the risk of eroding the relevance of the multilateral agenda. Nevertheless, the financial crisis had demonstrated the robustness of the multilateral system as an effective bulwark against protectionism. At the same time, however, new tensions were arising in novel areas of the trading system and there was a growing emphasis on regional trade agreements intended to create platforms for regional supply chains by ensuring a duty-free trading environment and deep regulatory integration; such agreements could lead to fragmentation of the international trading system, sidelining smaller and more vulnerable developing countries.

9. Within the global trading system, specific measures to support South-South cooperation and to promote exports from the least developed countries had been strengthened. The conclusion in 2010 of the São Paulo Round of the General System of Trade Preferences (GSTP) negotiations was emblematic of the growing viability of South-South integration and cooperation. Significant potential existed also for South-South regional integration. In Africa, for example, continent-wide developmental integration could generate welfare gains of $6.5 billion if trade liberalization were combined with regulatory and developmental integration in support of intra-regional trade. The "special harvest" package for the least developed countries would be particularly important in helping them to implement the Istanbul Plan of Action.

10. It should be noted that the International Cotton Advisory Committee (ICAC) used different methodologies from the World Trade Organization (WTO) to measure the product-specific aggregate measurement of support (AMS); ICAC figures therefore tended to be higher than the AMS figures reported to WTO, for example in the case of China, where, in addition, cotton production was fully consumed locally. UNCTAD viewed the scaling up of South-South cooperation as an important means of strengthening the export positioning of African cotton producers.

11. Trade was one part of an interdependent and cumulative development process; as countries began to reorient their growth strategies in response to new economic realities, the international trading system should support the establishment of the conditions necessary to achieve development-centred globalization, whereby States could take a multiplicity of approaches to inclusive growth and development. Greater attention needed to be paid to the broader implications of trade and trade liberalization to society as a whole; that would imply a developmental approach of cooperation based on collective interest and solidarity, to ensure the equitable sharing of gains and losses. It was also important to align existing rules and practices with longer-term development objectives, and to transform the approach to implementing and monitoring trade agreements and addressing trade issues from a litigation-based framework to a more cooperative arrangement. Some countries needed support to strengthen their capacity to engage in the multilateral trading system. The United Nations system could play a major role in that regard; it should scale up its role in the provision of Aid-for-Trade and help countries explore new approaches to international trade rule-making.

12. **Mr. Maruping** (President, Trade and Development Board, UNCTAD), introducing the report (TD/B/58/9) of the fifty-eighth session of the Trade and Development Board, held in Geneva in September 2011, said that the regular session of the Board had begun with a high-level segment on the topic of volatile capital flows and development. Capital flow volatility had become one of the most pressing challenges for policymakers in developing and emerging countries. Short-term volatile capital inflows

that could be withdrawn abruptly and for reasons unrelated to the economic situation in the host country could adversely affect the nature and pace of development. The resulting currency misalignments and distortions of exchange rates were frustrating countries' efforts to develop their manufacturing industries, lengthen their value chains and diversify their production for both domestic consumption and export.

13. On the topic "Interdependence: Addressing trade and development challenges and opportunities after the global financial and economic crisis" there had been consensus that the adoption of effective policies to attain stable, sustained and inclusive growth was one of the main development challenges and that crucial components in articulating policy responses at the global, national and regional levels should include global imbalances and the implications of unchecked commodity price volatility. Excessive volatility made it difficult for Governments, especially in less developed economies, to plan their revenues and expenditures effectively and to provide social safety nets. More generally there had been concern that the current wave of globalization had been characterized by an overdependence on the financial sector. It was imperative that the issue of how best to control its worst excesses should be addressed.

14. On the topic "Development strategies in a globalized world", the Board had tackled the issue of the new role of government and fiscal policy. The global economy was at a critical juncture and was in danger of relapsing. In contrast to the situation in 2008, when virtually all policymakers had agreed that fiscal stimulus needed to be maintained until recovery was assured, there was a growing perspective that fiscal consolidation had to be the new policy priority. Recent experience in the European Union, and especially in the euro zone periphery, suggested that the salutary effects of fiscal retrenchment had commonly been overestimated, and that fiscal policy should be directed towards leading economies out of crisis.

15. On the topic "Evolution of the international trading system and of international trade from a development perspective", delegations had reaffirmed the power of trade to spur growth and development. They had noted that the global economy had entered a growth crisis in 2011 and that many countries, particularly the least developed countries, had remained marginalized, but had reaffirmed that the multilateral trading system was an effective bulwark against protectionism. There had been unanimous support for reenergizing multilateralism and many delegations had stressed the need for greater inclusiveness, equity and fairness. Addressing the central role of agriculture in inclusive development, participants had recognized the role of the international trading system in creating an enabling environment since agriculture remained among the most distorted economic sectors as a result of tariff and non-tariff barriers and export subsidies.

16. The "Economic development in Africa" segment of the session had focused on the Economic Development in Africa report 2011, whose key message was that Africa needed a new industrial policy to induce structural transformation, create employment and reduce poverty. Under such a policy, Governments should provide support to entrepreneurs, and also hold them accountable for non-performance, and there must be more consultation between Governments and the private sector in the design of industrial policies. Delegations had also stressed the need for the international community to create a better global environment for African countries to promote industrial development, and more stable and predictable sources of finance for industrialization in the region.

17. Under the item "Investment for development", the Board had noted that while firms had largely kept control over their value chains in the past through equity ownership, the situation had been radically transformed with production processes and value chains becoming fragmented and scattered worldwide, and ownership and control being reconfigured.

18. Regarding the least developed countries, there had been agreement that the targets contained in the Istanbul Programme of Action conveyed a sense of urgency and a desire on the part of the least developed countries to break away from aid dependency and the poverty trap. It was stressed that the commitments of the Programme of Action must be mainstreamed into development strategies at both the national and international levels.

19. During the Board's deliberations on assistance to the Palestinian people, there had been near unanimous commendation for the Secretariat's support for the Palestinian people and their State-building efforts. It had been stressed that adequate resources were

required to intensify UNCTAD assistance to the Palestinian people and there had been widespread concern over the dire situation in the Occupied Palestinian Territory and calls for action to address the challenges.

20. Preparations for the thirteenth session of UNCTAD were proceeding apace with agreements having been reached on themes and sub-themes for the Conference and the tabling of a number of substantive position papers by regional groups. The Conference and its preparatory process came at a difficult time for global authorities, which continued to struggle with the effects of the economic and financial crisis. The Conference would offer the world an opportunity to engage in a serious dialogue and to make significant contributions to development, despite the forbidding circumstances.

21. **Ms. Cortez** (Chief, Committee for Development Policy Secretariat, Department of Economic and Social Affairs), introducing the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries (A/66/138), said that the report had been prepared in response to General Assembly resolution 64/189. The Secretariat had invited the Governments of all Member States and relevant organizations, programmes and agencies both inside and outside the United Nations system to provide any pertinent information, as well as their views on the matter.

22. Member States had expressed their disagreement with the imposition of unilateral economic measures as an instrument of political and economic coercion, which in their view conflicted with the principles of the Charter of the United Nations, the norms of international law and the rules-based multilateral trading system. They had also expressed concern about the negative impact of unilateral economic measures on the socio-economic development of the affected countries, in which vulnerable groups, particularly children and the poor, were the most affected.

23. **Mr. Panitchpakdi** (Secretary-General, UNCTAD), introducing the report on world commodity trends and prospects (A/66/207), said that global commodity prices had experienced unprecedented volatility in recent years, and had reached a new peak in the first half of 2011, before starting to decline again due to increasing worries about the prospects for the world economy. While such price variations impacted all countries, developing countries tended to be affected most because commodities made up a much larger share both of their trade accounts and of their average consumption baskets, food and energy prices had a larger impact on the purchasing power of poor households, and such countries had a growing dependence on exports of a few commodities. While the recent commodity price movements had coincided with shifts in supply and demand relationships, they had also been influenced by the increasing participation of financial investors in commodity trading. Speculation in commodities had been driven by increased liquidity in financial markets which could not be absorbed by economies, resulting in unregulated capital flows that had put additional pressure on commodity markets and had led to rising food prices.

24. The UNCTAD food price index had decreased during the first half of 2010 before rising and peaking in February 2011. Prices for cereals, vegetable oils and meat had increased the most, while sugar prices had experienced dramatic peaks and troughs. The tropical beverages price index had risen steadily since December 2010. The price index for minerals, ores and metals had also jumped significantly, having been driven by continuous strong demand from Asian economies. Over the next few years, supply was likely to continue falling short of demand, so that metals prices could rise further. Gold prices had increased sharply as investors took refuge following renewed economic turmoil in the United States and Europe.

25. The financialization of the commodity markets had played a prominent role in amplifying the boom-and-bust cycles of commodity prices. It was likely that financial sector participation in commodity markets caused herding in commodity markets and irrational speculative behaviour; such behaviour could lead to asset price bubbles when positions were taken based on the actions of other market actors. The financialization of commodity markets had priced many commodities out of reach of some of the poorest populations, and had contributed to higher levels of poverty, malnutrition and social unrest.

26. The key challenge for policymakers should be to identify innovative and coherent policies at the national, regional and international levels to ensure that price volatility did not impede growth, development and poverty eradication efforts. Four policy responses to improve derivatives market functioning should be considered: the promotion of

greater transparency in markets so as to enable the provision of more timely and accurate information about commodities; better access to information, especially regarding position-taking by different categories of market participants; tighter regulation of financial market participants, for example through the establishment of position limits, in order to contain the impact of financial investors on commodity markets; and, as a last resort, direct intervention by surveillance authorities in exchange trading by buying or selling derivatives contracts with a view to deflating price bubbles.

27. Addressing the issue of the financialization of commodity markets and the attendant boom-and-bust cycles would play a crucial role not only in harnessing the benefits of commodities trade for development and poverty reduction, but also in putting the world economy on a more stable growth path by reducing the impact of disruptive speculative flows.

28. **Mr. Iziraren** (Morocco) asked what the role of UNCTAD should be in the restructuring of global economic governance.

29. **Mr. Panitchpakdi** (Secretary-General, UNCTAD) said that various reports of UNCTAD had pointed out the need for global coherence. Despite some global economic recovery, the need to coordinate global policy remained. It was worrying that despite the successful stimulus policies of 2008 and 2009, the Group of 20 (G-20) had not been able to coordinate their exit strategies. Some members persisted with short-term stimulus spending while others had moved towards fiscal retrenchment, sometimes too early to bring stability and reduce borrowing needs. By spending more and borrowing less, States could create employment and bring in tax revenue, which in turn would alleviate the national debt.

30. UNCTAD had raised concerns regarding the sustainability of debt. Private debt was increasingly being socialized, but Governments faced difficulties in repaying it. The need to resolve debts should be addressed systematically, especially in the case of European countries. In some instances, States might need to follow the "Chapter 11" model of the private sector.

31. Individual States had made commendable efforts to tighten regulation; the Dodd-Frank Wall Street Reform and Consumer Protection Act adopted by the United States of America was one example. However, multilateral coordination was essential in order to ensure that financial institutions did not seek out the least regulated economies. While initial proposals in that direction might be best formulated by the G-20, the United Nations system could contribute by ensuring the involvement of all stakeholders.

32. Trade expansion was necessary for the global economy to fully emerge from the crisis. It was therefore essential to promote negotiations at WTO and counter any protectionist trends. Even without a conclusion to the Doha Round, confidence-building actions could be taken.

33. **Mr. Almeida** (Brazil) said that it would be useful to promote coordination between the Committee and UNCTAD. He asked whether the Secretary-General of UNCTAD could elaborate on his hopes and expectations for the thirteenth session of UNCTAD.

34. **Mr. Panitchpakdi** (Secretary-General, UNCTAD) said that he hoped that the thirteenth session would stress development-led globalization as opposed to finance-led globalization. The latter had caused recurrent crises, shadow financing and over-indebtedness. Banks should perform traditional banking roles instead of merely pursuing profit. The session would provide an opportunity to explore such questions and to move towards a more inclusive model of globalization.

35. Growth in productive capacity was a means towards inclusive development rather than an end in itself. Middle-income countries would need technological progress in order to overcome stagnation and achieve sustained growth. Such growth should in turn have a social dimension, leveraging fiscal reform to mobilize revenue for social protection. The Bolsa Família programme in Brazil was a case in point. Discussions should also address the ability of States to maintain balanced growth and sustainability in development, giving guidelines for legal and institutional reform. Lastly, global markets should have global rules, not only for trade but also for finance. He expected that there would be major side-events on gender and development and on the least developed countries.

36. **Mr. Igali** (Nigeria) said that the architecture of global macroeconomic trade and development did indeed affect the ability of developing States to participate in international trade. It was therefore important to find new ways to encourage

non-speculative investment in developing countries, thereby fostering employment and the ability to trade. In the case of West Africa, for example, low productive capacity hampered the region's ability to trade.

37. **Mr. Bairagi** (Nepal), speaking on behalf of the Group of Least Developed Countries (LDCs), said that while international trade played a crucial role for promoting sustainable economic development in the LDCs, those countries still had a collective share of just over 1 per cent of world merchandise trade, and that was highly concentrated on a few export products. The Istanbul Programme of Action aimed to double that share by 2020, a goal that would require strong international support encompassing such aspects as market access and capacity-building. Duty-free and quota-free access for all products originating in LDCs would be necessary, as would simplified rules of origin and the removal of all distorting measures, including subsidies. In view of the deep-rooted structural constraints that limited the supply-side capacity of LDCs, an enhanced trading capacity was essential. Private sector involvement, diversification and improved product quality would all help to expand trade. As agreed in the Istanbul Programme of Action, the focus should be on enhancing the capacities of LDCs in trade policy and trade negotiations, increasing their productivity, competitiveness and diversification, and enabling them to fulfil the Agreement on the Application of Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade.

38. Development partners should further enhance the share of assistance to LDCs for Aid-for-Trade and their support for the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries; provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to LDCs in order to enable them to create a sound and viable technological base, in accordance with the Agreement on Trade-related Aspects of Intellectual Property Rights; and support them in fostering subregional and regional cooperation.

39. The Group was deeply concerned about the delay in concluding the Doha Round of trade negotiations; a further delay would have severe implications for the development efforts of LDCs. The Group welcomed the targeting of LDC issues such as duty-free and quota-free market access, rules of origin, a most favoured nation waiver to cover preferential services market access, and cotton, at the eighth ministerial conference of WTO, to be held in December 2011, which would be a solid contribution to promote the development dimensions of the Doha Round.

40. Although there had been significant progress in expanding duty-free and quota-free market access for the LDCs since 2000, product coverage needed to be expanded in order to meet the targets of the 2005 Hong Kong ministerial decision. Supply side capacity, adjustment and competitiveness challenges should also be addressed through innovative support measures.

41. The Group took note of the European Union's Generalized System of Preferences rules of origin and hoped that the new and more flexible rules for LDC industrial products covered by the single-transformation rule would improve market access. Developed countries should establish harmonized rules of origin based on common value-added criteria with flexible regional cumulation. A services waiver providing preferential market access to LDCs, especially under Mode 4, would help boost and diversify LDC exports and reduce trade deficits; it should not, however, replace most favoured nation status.

42. Twelve LDCs were currently applying for membership of WTO. That process should be streamlined, and the accession guidelines determined in 2002 should be effectively implemented. The delivery of an early harvest of measures in favour of LDCs would set the scene for the 2012 trade negotiations and help to boost the share of LDCs in world exports. In order to achieve Millennium Development Goal 8, an open, inclusive, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system must be established; that system must be responsive to the particular development challenges of the LDCs.

43. Many LDCs still depended on commodities and a significant number relied primarily on agriculture or the extraction of a few natural resources or primary products; they were therefore extremely vulnerable to price volatility. Concerted action should be taken in order to support efforts to mitigate the effects of excessive volatility. Development partners should help LDCs to deal with the associated risks, manage natural resources, diversify their commodity base and strengthen effective marketing systems. The G-20

Action Plan on Food Price Volatility and Agriculture was a welcome step in that direction.

44. **Mr. Stokes** (Australia), speaking on behalf of the Cairns Group, said that the 36th ministerial meeting of the Group had been held from 7 to 9 September 2011 in Saskatoon, Canada. Ministers had discussed the international trade policy environment, including the Doha Round; their shared desire to continue agricultural trade policy reform; and the development dimension of agriculture and food security. The ministers had expressed their strong disappointment the Doha Round negotiations, including on agriculture, were not likely to be concluded by the end of 2011. They had called for a frank discussion to move towards the necessary reform and secure a fair, market-oriented and predictable trading environment; and stressed that agriculture remained central to the negotiations, given its importance for the development needs of developing countries.

45. As a unique coalition of both developed and developing countries, the Group remained determined to secure genuine agricultural trade reform. They had expressed full support for the central role of the Food and Agriculture Organization of the United Nations (FAO) in the global governance of food security and stressed the need to find new, innovative and sustainable means to increase production capacities and improve access to food by reducing poverty and enhancing income distribution. They had recognized that trade policy reform had a role to play in addressing food security and that policies that distorted production and trade in agricultural products could impede the achievement of long-term food security, an objective that would be furthered by the work of the Group and the international standard-setting bodies.

46. The Cairns Group considered that trade policy reform had a role to play in promoting food security and had vigorously pursued reforms such as the elimination of export subsidies and reductions in agricultural support and in tariffs. Open, fair and functioning domestic and international markets encouraged investment and created new opportunities for growth in production. Trade should continue to play a role as an engine for economic growth; trade reform could not be postponed for better times.

47. **Mr. Wolfe** (Jamaica), speaking on behalf of the Caribbean Community (CARICOM), said that the report of the Secretary-General on international trade and development (A/66/185) highlighted the developing countries' increasing share of world trade and the growing tendency towards regional specialization, which kept developing countries in labour-intensive, low-value-added production activities. It therefore underscored the need to conclude a round of multilateral trade negotiations with a strong development dimension.

48. The CARICOM countries continued to proceed in good faith towards progressive trade liberalization in the belief that an open, inclusive and transparent rules-based multilateral trading system with a strong development component could enhance the region's efforts to achieve internationally agreed development goals, including the Millennium Development Goals. However, they opposed an approach to liberalization that did not truly serve the development needs of developing countries by allowing them to benefit from participation in the multilateral trading system. Despite the persistent difficulties they faced in penetrating global markets, the CARICOM countries acknowledged the value of the Aid-for-Trade initiative, since developing countries needed more than market access in order to benefit from the multilateral trading system.

49. Throughout the Doha Round of negotiations, the CARICOM countries had sought to ensure due consideration for the special circumstances of small vulnerable economies, whose widening trade deficits and heavy debt burdens had been compounded by the increases and volatility of the prices of commodities such as oil and food and the erosion of preferences. The situation was aggravated by the ongoing global economic crisis, which had resulted in significant job losses and made it necessary for several CARICOM Governments to enter into stand-by agreements with the International Monetary Fund (IMF). The precarious economic situation had the potential to erode the development gains made over the years. It was therefore imperative that any international, regional or bilateral trade agreement into which CARICOM members entered should include a development dimension and provide enough policy space to allow for the introduction of effective and appropriate development programmes.

50. The CARICOM countries had long maintained that the development dimension of the Doha Round should include increased market access for the region's key export products and a recognition of the

asymmetries between developing and developed countries and should fully take into account the understandings already reached. They supported the calls for a review of the development-related initiatives undertaken by WTO. While there had been some limited progress in the Doha Round, much more could be achieved with the requisite political will; its future would depend on the outcome of the eighth ministerial conference of WTO. The thirteenth session of UNCTAD would provide an opportunity to take stock of the situation and mobilize political will.

51. **Ms. Medvedeva** (Russian Federation) said that the Russian Federation believed that trade was one of the most important instruments available to generate the resources necessary for development. The notable increase in trade between countries of the South, the significant growth in trade volume in countries with developing market economies, including Brazil, the Russian Federation, India, China and South Africa (BRICS), and the expansion of regional ties were all contributing to the revitalization of the global economy. In October 2001, the Russian Federation and seven countries of the Commonwealth of Independent States, namely Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Moldova, Tajikistan and Ukraine, had signed an agreement on the establishment of a free-trade zone, thereby expanding the opportunities for preferential trade between the participating countries.

52. Her Government noted with concern the uncertainty surrounding the possibility of concluding the Doha Round by the end of 2011. It hoped that countries would demonstrate a readiness to compromise during the upcoming WTO Ministerial Conference in December 2011, thereby proving the effectiveness of WTO in balancing the competing interests of different countries and groups and adapting to changing economic circumstances. It would be difficult to overstate the advantages of the multilateral trading system, which enshrined universal rules for all participants in international trade, established conditions to avoid protectionism and provided Governments with a platform to resolve trade disputes. The Russian Federation was committed to the principles and spirit of WTO and was seeking to become a full-fledged member, a process which was nearing its conclusion.

53. The Russian Federation attached great importance to the application in international economic relations of the system of preferences reflecting the legitimate national interests of individual countries. It had therefore approved the list of countries using a national system of preferences and also the list of preferential commodities, which primarily applied to the least developed countries.

54. High and unsustainable prices for commodities and the actions of speculative investors in agricultural and non-agricultural commodity markets were having a negative impact on food security and the global economy. Collective measures needed to be taken to find possible solutions. Her delegation welcomed the concrete steps taken by the G-20, in particular at the Seoul summit meeting in 2010, to improve the operation of oil markets, reduce the volatility of prices in coal and gas markets, and review the macroeconomic effects of changes in commodity prices.

55. As a participant in a range of multilateral trade agreements, the Russian Federation advocated the creation of predictable and stable commodity markets and the balancing of the interests of producers and consumers and supported the development of the commodity export potential of developing and least developed countries. As one of the key players on the world grain market, the Russian Federation had taken the initiative to organize an international grain forum and a session of the International Grains Council in Moscow from 7-8 December 2011. At those meetings, there would be discussions of the current situation and future prospects of the world grain market, global food security, and macroeconomic aspects.

56. Her delegation commended the role of UNCTAD as the main coordinating centre for development issues. Its analytical potential in the realm of trade and investment policy should be harnessed in the interests of assisting developing and least developed countries in their integration into the global trading system. The thirteenth session of UNCTAD would provide an opportunity to mobilize international efforts to ensure the inclusive and stable growth of international trade and the development of the global economy.

57. **Mr. Almeida** (Brazil) said that trade could make a significant contribution towards the achievement of the internationally agreed development goals, including the Millennium Development Goals. The ongoing world economic and financial crisis continued to have a profound effect on trade in all regions; it was

highly unlikely that the strong performance of the global economy in 2010 would be repeated in 2011. The recovery remained uneven, fragile and uncertain, and the prospects for 2012 were not encouraging. Much would depend on the duration of the slowdown in the developed economies. The United Nations, IMF, the World Bank, WTO and the G-20 must promote strengthened policy coordination and coherence. The thirteenth session of UNCTAD would provide an important opportunity to address many of the issues at hand.

58. Brazil remained committed to a universal, rules-based, open, non-discriminatory and equitable multilateral trading system. At a time of renewed crisis, it was essential for Member States to refrain from reverting to protectionism. Exchange rate manipulation caused by excessively expansionist monetary policies or by artificially-fixed exchange rates should be strongly discouraged. Exchange rate shifts affected international trade both directly and indirectly. Currency crises had required painful adjustments in output and consumption, often to the detriment of the poor and vulnerable, in particular in the least developed countries. Discussions on the topic should include all public and private stakeholders, notably academia, international organizations and Member States.

59. Brazil remained fully committed to a balanced, ambitious and development-oriented outcome of the Doha Round. The elimination of agricultural export subsidies, a substantial reduction in domestic measures of support by developed countries and enhanced market access would be the most significant contribution that developed countries could make to promote development. At the eighth ministerial conference, the focus should be on measures that would help strengthen WTO as an effective vehicle for multilateral trade negotiations; to that end, it was crucial to make an honest assessment of the Doha Round and set realistic goals for the future. While it might not be possible to conclude all elements of the Doha Development Agenda in the short term, it was important to send a clear signal that discussions were progressing.

60. Brazil was concerned about the increasing volatility of food and energy prices. While the increases were partly a result of long-term structural trends, there was also evidence that excessive speculation could exacerbate the problem. Financial instruments had an important role to play in providing information on prices, quantities and expectations. It was crucial to increase transparency and ensure proper regulation of commodity markets.

61. **Ms. Valiente Díaz** (Cuba) said that the lack of progress in the Doha Round, particularly in topics that were crucial for the countries of the South, was deeply discouraging. At countless events, developed countries had expressed their desire for prompt conclusion of the Doha Round; notwithstanding such rhetoric, those countries' inflexibility was the real obstacle to progress. The development objectives of the Doha Round could not be sacrificed. A successful conclusion meant balanced and equitable agreement on access to markets for agricultural and industrial goods, while allowing less than full reciprocity so that developing countries could implement domestic policies; attention must be paid to the special needs of disadvantaged nations, particularly small and vulnerable economies. Multilateral trade negotiations must be transparent and inclusive, despite the repeated attempts of a certain group of countries to impose their decisions on the other Member States within WTO.

62. The commitments made by the developed countries to combat protectionism had not been fulfilled; instead, in the context of the global economic and financial crisis, new trade barriers and protectionist measures had been introduced. The establishment of an open, just, equitable, non-discriminatory and transparent multilateral trading system had still not taken place. That goal could not be fully realized in the current neo-liberal global economic order, in which world trade continued to be a tool to serve the interests of the more powerful States.

63. Cuba believed that the adoption of the special safeguard mechanism, an agreement on special products, effective access for sensitive goods such as cotton, attention to the issue of erosion of preferences, and sufficient flexibility to give food-importing countries access to the necessary funding were necessary in order to respond effectively to the crisis in the short term. Forthcoming agreements reached in multilateral trade negotiations should include a commitment to identify the non-tariff barriers and their consequences for developing countries, especially small and vulnerable economies. In that regard, it was essential to eliminate such unilateral trade measures as the absurd embargo enforced against Cuba by the United States of America, which violated the United

Nations Charter, international law and the spirit and letter of the Agreements of WTO.

64. **Mr. Sergeev** (Belarus) said that Belarus endorsed the need to maximize the opportunities afforded by international trade in order to achieve concrete development outcomes, and stressed that the realization of that goal was intimately associated with the establishment on the basis of the principles of partnership and equality of a predictable and non-discriminatory multilateral trading and financial system. The effectiveness of that system would depend on the success of efforts by the United Nations and its Member States, as well as of international organizations and institutions, to ensure its smooth functioning at every level. To that end, every effort must be made to bring about a successful conclusion of the Doha Round and to accelerate the negotiating process for the admission to WTO of a number of United Nations Member States. In addition, in view of the ongoing energy and food security crises, special attention must be paid to establishing conditions within the international trading system to facilitate the transfer of cutting-edge energy and agricultural technologies. His Government was prepared to participate constructively in those processes.

65. Concrete action must be taken to bolster the global economy against international financial and economic crises. In that regard the granting of trade preferences by developed countries to developing countries within the framework of the General Agreement on Tariffs and Trade (GATT) and on an autonomous basis would be an effective instrument in promoting economic recovery and development. At the same time, tariffs and other trade barriers for the least developed countries must be further reduced in order to facilitate the dynamic development of trade which, in turn, would enable Governments of least developed countries to accelerate the adoption of measures aimed at achieving the Millennium Development Goals.

66. In the context of the global financial and economic crisis, the application of protectionist measures was unacceptable, particularly when they were directed against States which lacked sufficient resources and were highly vulnerable to external economic shocks as a result of their high degree of integration into the global economy. The United Nations should take steps to provide the necessary assistance to poor and middle-income countries, taking into account their level of economic development and their financial needs, in order to achieve the goals of sustainable development.

67. There should be no place in the modern system of international economic relations for economic sanctions and other unilateral measures of economic pressure against States or their economic entities. Such politically motivated decisions not only restricted the economic basis of bilateral cooperation but also affected the development of international trade as a whole, undermining the sovereign equality of States and violating the principles of the Charter of the United Nations, the norms of international law and the rules of the multilateral trading system.

68. Since the issuance of the report of the Secretary-General (A/66/138), Belarus had become the target not only of attacks but also of economic sanctions because of the choice its people had made in its presidential election. He wished to draw attention to the letter from the Permanent Mission of Belarus to the United Nations reproduced in the annex to document A/66/323, in which the Permanent Mission stressed its belief that the politically motivated decision by the Government of the United States of America to impose restrictive economic measures against the Republic of Belarus was unjustified and illegal. His delegation firmly believed that unless the practice of adopting economic measures for the purpose of political and economic coercion was eradicated, the international community would be unable to build up the multilateral trading system and prepare to meet current and future challenges.

69. **Ms. Thakur** (India) said that the economic recovery continued to be fragile and halting and the prospects for global trade were not encouraging. The sovereign debt crisis in Europe and recessionary trends in the United States of America, Europe and Japan had severe repercussions for developing countries. Her delegation hoped that European and other developed economies would take prompt and effective action to calm the capital and financial markets and avert a double-dip recession. In order to act as an engine for development, the international trade framework should remove barriers, eschew protectionism and enhance market access for developing countries. Her delegation was pleased that the G-20 was focusing on strict financial sector regulation and policies emphasizing income growth as the basis for sustained and balanced development. Transforming trade dynamism into

greater income opportunities through job creation remained a critical challenge.

70. Growing commodity price volatility was having a negative impact on global food and energy security and left developing countries, and in particular least developed countries, highly vulnerable to external shocks. The increasing financialization of commodities markets had become a matter of deep concern for most developing countries. Innovative and coherent policies would be needed at national, regional and international levels in order to ensure that price volatility did not impede growth and poverty eradication efforts. India welcomed the G-20 Action Plan on Food Price Volatility and Agriculture and looked forward to the establishment of the Agricultural Market Information System. Her Government believed that commodity-dependent developing countries should pursue a more diversified export basket, including high value processed agricultural commodities.

71. Although the least developed countries overwhelmingly depended on trade as an engine of growth and development, their share in global trade in 2010 had been less than 1 per cent. It was therefore important to create an enabling international environment and promptly establish duty-free and quota-free market access for LDCs. A fair, balanced and equitable outcome to the Doha Round could make international trade a vehicle for growth and development. The reform of global financial and economic institutions lay at the heart of creating a more responsive, equitable and democratic global trading order.

72. **Mr. Chen** Jianping (China) said that the slow pace of recovery of the global economy, combined with growing frictions in international trade and the volatility of the financial markets, rendered all the more compelling the need for progress in the Doha Round negotiations and the further opening up of markets. The international community should take firm steps to resist protectionism, should strictly respect the Doha mandate of the WTO and should provide assistance to developing countries, in particular the least developed among them, with a view to promoting development through trade.

73. Reaffirming China's commitment to an open and fair international trading system and its compliance with WTO standards on tariffs, he pointed out that the continued growth of his country's foreign trade was bringing extensive benefits to other countries, notably developing countries. In that context, he observed that China was the largest importer of goods from least developed countries and reaffirmed its undertaking thenceforth to import at least 95 per cent of those goods at a zero tariff rate, in pursuit of its commitment to promoting common development, fostering universal prosperity and shaping a harmonious world.

74. **Mr. Igali** (Nigeria) said that efforts to resolve the crisis in the global economy required an integrated approach, which would especially enhance the capacity of developing countries to achieve the internationally agreed development goals. International trade could not remain hostage to the narrow interests of the global rich. Developing countries' efforts to implement reform continued to be frustrated by the breakdown in the Doha Round; there was growing momentum towards innovative strategies to strike a balance between restrictive trade policies and trade liberalization.

75. Nigeria was working to integrate its economy into the global system through progressive liberalization to enhance the competitiveness of domestic industries, effective participation in trade negotiations, promotion of transfer, acquisition and adoption of appropriate technologies and support for regional integration and cooperation. His Government had made significant progress in agriculture as a result of its own successful policies and strategies, assisted by the World Bank, FAO and the International Fund for Agricultural Development, as well as a number of initiatives on commodities.

76. His delegation called for the consolidation of Aid-for-Trade programmes, delivered at both the bilateral and the multilateral levels, and better paradigms for investment inflow and strategic private-sector driven partnership between developed economies and the economics of countries such as Nigeria, which held great promise as a regional centre of growth.

77. Nigeria remained committed to the purposes of WTO and called for the prompt conclusion of the Doha Round in order to better integrate the developing countries in international trade and eliminate distortions and inequalities in trade practices and investment inflows.

The meeting rose at 1.05 p.m.